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C O N F I D E N T I A L SECTION 01 OF 02 MAPUTO 000834

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DEPT FOR AF/S, INL/AEE, DS/
JUSTICE FOR ICITAP AND OPDAT
PRETORIA FOR NLEA, DEA, USCS
JOHANNESBURG FOR DHS

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TAGS: [PGOV](#) [EAID](#) [PREF](#) [PTER](#) [ASEC](#) [MZ](#) [KISL](#) [RENAMO](#) [FRELIMO](#)

SUBJECT: THINGS LOOK DIFFERENT FROM UP NORTH

REF: A. A) MAPUTO 463

[1](#)B. B) MAPUTO 776

Classified By: Charge d'Affaires Dennis Hankins for reason 1.4 (b and d)

[1](#)1. (SBU) Summary. Recent visits to Nampula and Cabo Delgado Provinces impressed upon embassy officers major challenges facing northern Mozambique and the need for continued USG attention to the region. Corruption, smuggling, porous borders and weak infrastructure compound high unemployment and a lack of economic development. In political terms, the FRELIMO government is aware that it needs to demonstrate economic results and investment in the region to avoid a defeat in this December's general election. The Muslim population is growing, approaching two thirds of the population in some areas, and commerce is almost entirely in the hands of South Asian Muslims. People and goods move freely in and out of the country, and the GRM has no capacity to control their movement. End summary.

[1](#)2. (C) A High Interest Area: A number of US interests converge in Mozambique's northern provinces of Cabo Delgado and Nampula. Reported reports of drug smuggling, alien trafficking, illegal entry of Pakistanis and Somalis raise concerns about the potential of the region as a headquarters for criminal and terrorist activities. The rapidly growing control of South Asians over key business sectors as well as active proselytizing activities by conservative Muslim groups add to the concerns. At the same time, the region has drawn some US investment interest in the transportation area and the potential exists for future investments in the tourism and minerals sectors.

[1](#)3. (U) Economically Lagging: Economic development in the northern provinces lags far behind that of southern Mozambique and the Maputo region. In contrast to booming construction and renovation taking place in the capital, Nampula appears run-down and neglected. Unemployment is high and most large businesses have been closed for years, or even decades. Plans for rehabilitation of the rail line from the port of Nacala to Malawi have stalled and the government ports and rail authority, CFM, has laid off numerous employees in preparation for long-delayed privatization. CFM will need to lay off many more in conjunction with an eventual Nacala Corridor concession agreement (Ref A). In Pemba, the capital of Cabo Delgado Province, some development is tangible in the tourism sector. Despite the enormous potential and some successful high-end tourism projects, further growth is hampered by weak infrastructure, in particular the lack of good health care facilities. The agricultural products that the region exports include cashews, timber, prawns, and cotton. Exports of marble and some other minerals have dropped significantly. (Ref B).

[1](#)4. (C) A Haven for Somalis and Other Aliens: During the June 1-3 visit by poloff and A/RSO to Nampula City and Nacala, it was clear that the Mozambican authorities have no capability, and little interest, in effectively controlling the flow of people and goods, in and out of the country. UNHCR officials at the refugee camp in Maratane confirmed that hundreds of Somali refugees have simply shown up at the camp, having crossed the border with Tanzania or entered through smaller ports in Cabo Delgado. Camp registration records only account for refugees entering the camp and there are no controls for monitoring those refugees that leave. Although records showed that the registered camp population numbered approximately five-thousand residents, UNHCR officials felt that the true population was only about four-thousand. In Pemba and Nampula, Somalis are now engaged in selling smuggled goods in the markets and also engage in illegal money exchange. Somalis who register at the camp seldom stay more than a few days, and many show up later at the border with Swaziland, destined for South Africa. A cabinet member of the Mayor's office and an aide to the Governor also confirmed that a growing number of Nigerians are engaged in business activities in the informal markets of Nampula. The Mayor's office in Nacala complained about the dominant position of South Asian businessmen in the local economy, in particular their practice of bringing a large number of family members from Pakistan and India to run and staff most of their businesses.

[1](#)5. (C) A Leaky Harbor: In a visit to the port of Nacala,

embassy officers spoke with CFM Port Director Agostinho Langa and also met with Ussemame Juliaia of Manica Freight Services. Juliaia was very open and candid about the problems of corruption and smuggling present in Nacala, the most notorious port for illegal activity. Despite the recent contracting of a private security firm (with FRELIMO ties), theft from the port has not stopped. Also, as Langa explained, thirty-five percent of the traffic from the port is destined for Malawi, and thus avoids customs inspection. Juliaia and Langa both confirmed that it is easy for train cars to be emptied out at isolated rail sidings and transported to other parts of Northern Mozambique or on to South Africa. Ships at the dock are also boarded by persons in crafts as small as rowboats. Maritime patrols in the harbor are nonexistent. There appears to be a thriving black market of such illegally imported goods from Dubai and other ports of origin. Additionally, authorities concede that narcotics trafficking is prevalent, using these or other methods of transit.

16. (C) Growing Muslim Influence: Traveling around Pemba or on the road from Nampula to Nacala, it is common to find small mosques built by the African Muslim Agency. Large new mosques have been constructed, both in the north and in Maputo, with funds from successful Muslims in Mozambique and with outside funding from the Gulf states. Some schools and other social services are visibly funded by Muslim organizations, including training centers to prepare Mozambican students for study abroad in Sudan. Pemba is a good example of the power of the Muslim business community, with all major shops owned by Osman Jacob, an embassy contact with close ties to FRELIMO. Jacob, and his son who is responsible for operations of most of his businesses, both told embassy officers that corrupt practices and bribery are essential to successfully running both legitimate and illegal business in the region. The illegal export of precious hardwood from Cabo Delgado, Nampula, and Zambezia provinces by East Asian-controlled enterprises is but one example.

17. (C) Comment: The prevalence of corruption, lax security, and a large Muslim business community in the northern provinces combine to accentuate fears among the diplomatic community, government officials, and well-informed private businessmen that an increasingly conducive environment for international terrorists exists in the region. Uncontrolled flows of Somalis, Nigerians, refugees from Central Africa, and South Asians with long-standing ties to Mozambique or South Africa are one area of concern. The ability of economic migrants and narcotics traffickers alike to move freely across Mozambique's borders is heightened by corruption among GRM officials. The sea border in the North is particularly susceptible to undetected maritime traffic.

18. (C) Comment Continued: In the past year, the Mission has significantly increased its resources devoted to developments in the north. Ambassador, Econ/Pol, Consular and RSO have made repeated visits despite the high cost and distance involved (a four hour flight to Pemba). Public Affairs supports the Musa Bin Bique University in Nampula (a moderate, generally Muslim, institution) and Mission personnel have held public diplomacy meetings with Muslim leaders as well as high school students. End comment.
HANKINS